

# New Challenges, New Chances – BIS consultation on next steps in implementing the further education reform programme – a quick summary

16<sup>th</sup> August 2011



## Introduction

On 16 November 2010 the government published two strategy documents, *Skills for Sustainable Growth* and *Investing in Skills for Sustainable Growth*, which mapped out the future direction of the reform of further education for adults aged 19 and over. BIS has published *New Challenges, New Chances*<sup>1</sup> a consultation paper which aims to take these strategies a stage further by making proposals designed to promote the government's main overall aims for adult skills to:

- promote high-quality teaching and learning at all levels of the adult education system;
- free colleges and other skills providers from as many bureaucratic restrictions as possible in order to allow them to respond more effectively to the needs of their local communities; and
- secure a fairer balance of investment in skills between the taxpayer, individual learners and employers.

The consultation will close on 21<sup>st</sup> October 2011.

## Overview

The plan for the next stage of reform makes proposals in the following areas:

Vision for the FE landscape and shape of the sector .....	2
Introducing Level 3/4 loans and sharing responsibility for investing in skills .....	2
FE college and training provider freedoms and flexibilities .....	3
Simplifying the funding system.....	4
Teaching, learning and qualifications .....	5
Review of Informal Adult and Community Learning.....	5
Review of literacy and numeracy provision for adults.....	6
Delivering higher education and skills .....	6
Deregulation and devolution.....	7

<sup>1</sup> <http://www.bis.gov.uk/newchallenges>

## Vision for the FE landscape and shape of the sector

**Policy intent:** *'Our vision is of an FE and skills sector which is more responsive to changing social and economic needs with a more diverse set of high-quality providers that are constantly reviewing their delivery models to ensure that they are fit for purpose.'*

### Progress to date:

- Many colleges and training providers are now considering alternative business and collaborative models to meet the diverse needs of their learners and to achieve further efficiencies.
- The Learning and Skills Improvement Service (LSIS) has run a series of policy seminars with sector leaders to explore the contribution of the sector in the Big Society and commissioned independent research from the RSA's 2020 Public Services Hub to look at the longer-term potential role of the sector. *"The LSIS report The FE and Skills Sector in 2020: A Social Productivity Approach' illustrates that the sector is already developing on-the-ground best practice and innovation that is pointing the way to a future where the sector, society and the state can collaboratively create the right conditions to improve social and economic outcomes.'*
- The Efficiency and Innovation Project jointly steered by the Association of Colleges, 157 Group and the Skills Funding Agency funding 40 collaborative that explore new delivery models.
- The National Apprenticeship Service (NAS) has contracted with 12 projects to set up new Apprenticeship Training Associations (ATAs) and Group Training Associations (GTAs). *'These new models will help a range of organisations, especially small businesses, to make more Apprenticeship places available.'*

### Next steps:

- BIS will issue a new policy framework for the FE landscape during 2011/12, replacing the current framework *Further Education Colleges – Models for Success*<sup>2</sup>. This will contain advice and information on the wide range of possible organisational and business models that are available for colleges and training organisations to consider.
- They might include new partnerships with employers or specialist providers to deliver specific training opportunities: Different organisational and business models could also be considered, such as forms of employee mutualisation that directly involve the staff in college management, or acquiring a company or setting up a trust in order to meet a specific need or deliver specific services. Participating in collaborative partnerships such as federations or joint venture models, might also provide opportunities to develop innovative ways to meet the needs of learners and employers in local communities.

## Introducing Level 3/4 loans and sharing responsibility for investing in skills

**Policy intent:** *'The introduction of loans is in line with the need to rebalance investment in skills by government, individuals and employers to reflect the benefits that each receives.'*

### Progress to date:

- Loans for further education will be introduced in 2013/14.
- The planned change to the statutory entitlement to Level 3 will be delayed until 2013/14 so that they align with the introduction of loans.
- Changes to Level 2 arrangements will apply from 2012/13 as planned.

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<sup>2</sup> <http://www.bis.gov.uk/policies/further-education-skills/fe-improvement/models-for-success>

- BIS has developed the model on which the loans system will be based, *'building on the current system for higher education with adaptations to reflect the characteristics of FE'*.
- The loans model is described in a consultation document on further education loans<sup>3</sup>. The consultation document seeks views on the implementation of the proposed model and how to communicate the availability of loans to cover course costs.

#### Next steps:

- Following the consultation, BIS will publish implementation details in the autumn alongside the skills investment statement. The intention is that from March 2013 learners will be able to apply for loans for courses starting in the 2013/14 academic year.

## FE college and training provider freedoms and flexibilities

**Policy intent:** *'The government is committed to freeing colleges and training organisations from central control and regulation so they are better able to respond to the needs of their learners, employers and communities.'*

#### Progress to date:

- Reduced bureaucracy and increased institutional freedoms.
- The Education Bill designed to *'remove burdensome duties on colleges and strip away inappropriate powers held by the Skills Funding Agency, and intermediary bodies, over colleges'*.
- In return, BIS expects the FE and skills sector to *'demonstrate its maturity and capacity for increased autonomy, by taking greater responsibility for its own performance and reputation, and by engaging with stakeholders about its plans and record on delivery. We expect the sector to enhance the choice and experience of learners and employers by being more responsive to their needs and ambitions'*.

#### Next steps include:

- Streamlining the approval process for vocational qualifications. Finding simpler ways of ensuring vocational qualifications meet the needs of employers
- Introducing proportionate external scrutiny and/or reviews, including reviewing operation of the current reform which removes the inspection requirements on colleges and training organisations judged 'outstanding' (unless their performance drops) with a view to considering whether this approach should be extended to 'good' providers. Ofsted will also consult during the Autumn on proposals to improve and streamline the Common Inspection Framework for further education and skills.
- Removing the contractual requirement for providers to submit an annual self-assessment report to the Skills Funding Agency and Ofsted, in favour of this becoming a sector-led approach to performance scrutiny.
- Changing the methodology for setting provider performance standards, by introducing a *'more transparent and less bureaucratic approach that is flexible and responsive and uses learner choice as the key determinant of what provision is funded'*.
- Moving from the requirement to report performance through Framework for Excellence in favour of using the sector's own process for improved public information; also removing all requirements for employers training only their own staff to report publicly their performance.
- Clarifying the point at which intervention will occur, so that providers understand how and when their performance will be judged; and the consequences of any underperformance. BIS has set out a proposed

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<sup>3</sup> <http://www.bis.gov.uk/assets/biscore/further-education-skills/docs/N/11-1219-new-challenges-further-education-loans>

approach to intervention<sup>4</sup> which suggests an enhanced role for LSIS with respect to providers in performance categories 'coasting/failing' and 'failed'.

- Continuing to work with HM Treasury on the implications of the Office for National Statistics' (ONS) decision, in October 2010, to classify FE colleges as central government bodies. The ONS has recently reviewed its decision in light of the proposed legislative changes to free colleges from 'unnecessary burden and bureaucracy' but remains minded to keep the existing classification for FE colleges. BIS is reviewing these and considering the possibility of introducing further legislative changes to free colleges from central control wherever this is practicable.
- In the meantime, the ONS has advised BIS that the National Accounts will not be changed to reflect the classification of FE colleges until summer 2012, which means that government accounting rules will not apply to FE colleges in 2011-12. *'In the longer term, should FE colleges continue to remain classified as central government bodies it is likely that this will affect our ability to simplify/rationalise certain areas of activity, although we will make every effort to minimise the impact on colleges'*.

## Simplifying the funding system

**Policy intent:** "Investing in Skills for Sustainable Growth' set out plans to simplify the FE funding system and methodology. This was in response to key criticisms about the complexity of the funding system.'

### Progress to date:

- Reduced the number of separate budget lines with the introduction of a single Adult Skills Budget with earmarked delivery for Apprenticeships.
- Reduced the number of direct contracts between the Skills Funding Agency and FE colleges and training providers with the introduction of the Minimum Contract Level.
- Introduced a trial of the first Outcome Incentive Payment – Job Outcome Payments.
- Commitment to pilot outcome-only payments to large employers directly contracting with the Skills Funding Agency to deliver Apprenticeships.

### Next steps:

BIS will:

- work with sector representatives in the development of a simplified rates matrix including publishing a shadow rates matrix in the 2011/12 academic year. DfE is also preparing to consult on the 16-18 funding methodology;
- pilot the first Outcome Incentive Payment during 2011/12;
- work with sector representatives to rationalise Learner Support and Additional Learning Support;
- evaluate the introduction of the Minimum Contract Level;
- review Minimum Levels of Performance; and
- review the introduction and operation of ACTOR.

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<sup>4</sup> <http://www.bis.gov.uk/assets/biscore/further-education-skills/docs/N/new-challenges-proposals-for-intervention>

## Teaching, learning and qualifications

**Policy intent:** *'The government is committed to raising the status of vocational education and training. To achieve this, the quality of teaching and learning, content and relevance of the curriculum and credibility of qualifications are all vital.'*

### Progress to date:

- *'Expertise to deliver inspiring learning, and capability for innovative curriculum design, exists within the sector and with outstanding practitioners. We believe that the main improvement drive needs to come from the sector harnessing its own expertise, working with sector organisations such as LSIS, the Institute for Learning, and the wider National Improvement Partnership.'*
- *'LSIS is currently developing a strategy in which further development in these areas will be key platforms for progress. We recognise that it will be essential to engage with the research and academic community to strengthen the evidence base and underpin the development of practice.'*
- *'Additionally, expertise in vocational subjects needs constant interaction between the sector and industry, for curricula to be up to date; and relevant to employers and, for teachers and lecturers to maintain "dual professionalism". The FE and skills sector needs to harness the expertise of business to bring currency and knowledge of the practical application of skills in the work place into classrooms and to encourage learners to register with professional bodies on completion of their courses and develop their skills through their working lives. A challenge for the sector will therefore be to build more effective links with professional, craft and learned bodies, across the industrial sectors served.'*
- For the reform of qualifications development, the UK Commission for Employment and Skills (UKCES) has successfully trialled *'quicker, less complicated'* processes among awarding bodies. Later this year, the government will consult on how in future employers should be involved in the design of vocational qualifications,

### Next steps:

- LSIS will publish its Business Plan for 2011/12 this summer. These plans will include investment in both teaching and learning and curriculum development. For STEM subjects lead national subject experts, drawn from relevant expert organisations, will be appointed.
- The Technician Council will publish a map of those apprentice frameworks that lead rapidly to Technician Registration.
- The FE Data Project will extend what is currently known about the scale and nature of STEM provision and develop a greater understanding of progression and the potential individual and social returns associated with particular qualifications.
- BIS and DfE will discuss with the Institute for Learning and LSIS a proposal to establish an independent commission on vocational pedagogy.
- DfE will change the law to enable QTLS to be recognised in schools.
- The government will consult further on the involvement of employers in the design of vocational qualifications.

## Review of Informal Adult and Community Learning

**Policy intent:** *'The Spending Review settlement, while protecting the government's investment, challenged us to ensure that IACL contributes to wider policy objectives and delivers value for money by: enabling progression, including to further learning, training and employment; and focusing public funding on people who would not otherwise have access to learning and maximising income from learners who can afford to pay.'*

### Progress to date:

- Since the publication of *Skills for Sustainable Growth*, BIS has been working with a range of partners to review its investment in this kind of learning.
- BIS has also met with policy officials across government in order to identify linkages with other initiatives, including the Big Society, Lifelong Learning Accounts, digital inclusion, wellbeing measurement, open public services, the role of social enterprises, charitable bodies and voluntary sector organisations, the forthcoming Rural Statement and the cross-government drive to measure social return on investment.
- BIS is also working with a partnership comprising The Open University, the BBC, UK Online and the British Library to support further development of free online IACL resources and raise awareness of these resources among staff and learners and intends to explore the development of a network of e-reading rooms.
- Through a series of policy roundtables with practitioners and meetings with major stakeholders, BIS has identified six key challenges and associated policy options. These are set out in detail at <https://iacl.bis.gov.uk/> together with a range of questions on which BIS is seeking views.

### Next steps:

- Following the consultation BIS will publish details of key implementation milestones in the skills investment statement for 2012/13. This is planned for publication autumn 2011. *'There will be ongoing communication and implementation activity that we will develop jointly with stakeholders up to the planned start date.'*

## Review of literacy and numeracy provision for adults

**Policy intent:** *'Millions of adults in England lack basic reading, writing and mathematical skills. We believe this is the result of an unacceptable failure of the education system and that it is therefore only right to give them a second chance to acquire those skills.'*

### Progress to date:

- BIS's review of literacy and numeracy provision is under way.
- In addition, a review of research and evaluation literature has been undertaken which brings together what is currently known about improving adults' literacy and numeracy skills, including international evidence, and identifies where evidence-gaps exist which will be considered as part of the review.

### Next steps:

- BIS will report the outcomes of its review in autumn 2011.
- *'Although there are excellent providers delivering high-quality literacy and numeracy provision, evidence indicates that the quality of provision across the sector is mixed. This must be addressed. In doing so we need to identify how to accelerate the rate at which effective practice spreads.'*
- BIS will seek to ensure that wherever teaching is delivered, every learner gets the best quality teaching *'that is adapted to their needs, from qualified professionals'*.
- BIS would like to explore how technological advances could play a greater role in supporting literacy and numeracy learning.

## Delivering higher education and skills

**Policy intent:** *'a higher education system that is more responsive to students' choice, that provides a better teaching and learning experience and so fuels social mobility.'*

In achieving these aims BIS recognises key obstacles that FE providers can face in improving their capacity to offer higher education including:

- difficulty in accessing direct HEFCE funding and reliance upon franchising through HE institutions to access student numbers and funds;
- complex funding and regulatory arrangements that inhibit flexible delivery and add to costs;
- the lengthy application process for Taught Degree Awarding Powers and Foundation Degree Awarding Powers; and
- the need for learners to have access to a transferable credit and qualifications transfer system across FE and higher education.

*'It is expected that the higher education landscape will evolve as a result of funding changes that we will be implementing over the next few years. Our aim is to open up the higher education market to greater competition. This presents an opportunity for the growth of a more diverse range of delivery models, and an opportunity for colleges and training providers that can deliver high-quality teaching at good value.'*

#### **Progress to date:**

- FE colleges will have greater choice in their validation arrangements. As well as existing universities, there are specialist services such as the Open University Validation Service, or external degrees from the University of London's International Programme.
- The Higher Education White Paper announced the intention to de-couple degree-awarding powers from teaching in order to facilitate externally-assessed degrees by awarding bodies.
- FE colleges are able to apply for degree-awarding powers, including Foundation Degree-awarding powers.
- Many of the Higher Education White Paper proposals will require legislative change and it is intended to bring a Higher Education Bill before Parliament in 2012.

#### **Next steps:**

- The deadline for responses to the Higher Education White Paper is 20 September 2011.
- The White Paper also sets out proposals for a small number of more specific consultations on some areas of reform where proposals will lead to changes in primary legislation or changes to how funding is distributed.
- In the context of *New Challenges, New Chances* and the overall FE reform agenda BIS would welcome feedback around a number of key areas including awareness and identity, progression and innovative business models.

## **Deregulation and devolution**

**Policy intent:** *'We believe that by providing better access to and use of FE data, we will improve student progression and choice, overall sector efficiency and enable creative solutions. This includes enhancing the ability of all providers to meet the needs of their customers, and through better access to a better range of information, empowering those customers to become the driving force for improvements across the sector.'*

#### **Progress to date:**

- Over the last 18 months, BIS has *'overturned the historical approach of collecting information for performance management purposes'*.

- BIS has asked the sector to lead on developing a new public information system; and to ensure that future arrangements *'provide a robust approach that is consistent and comparable'*. Alongside this BIS has released national and local level data to enable the taxpayer to assess progress against its strategy and priorities.

### Next steps:

- Over the next one-to-two years, BIS will work in partnership with the sector (through the FE National Improvement Partnership Board) to develop and embed a new, sector-led FE Public Information Framework.
- BIS will provide greater access to material that is collected in order to improve accountability and identify and eliminate duplication in data requests and collection methods so that the burdens on colleges, training providers, learners and employers are reduced.

### Key questions include:

- What barriers currently constrain flexibility and responsiveness, in terms of structural development, and how might the government address these to help the sector to reorganise for the benefit of learners?
- Are there particular structural delivery models or case studies that you think it would be helpful to share, via the framework?
- We propose that the existing college merger criteria should be broadened to cover the need for effective leadership and management and the promotion of competition and diversity in the local area. Do you agree that these changes are sufficient to support the government's ambitions? Are there any others you would propose?
- How have you used the freedoms already made available to make a difference in your communities – what lessons can you share?
- Do you agree with the categories and descriptions for a 'trigger point' for intervention? If not, what suggestions do you have for changes/improvements?
- How could a commission on vocational teaching and learning best help the sector improve?
- How can we best engage the knowledge of learned societies and professional bodies to empower improvement in the FE sector?
- What else needs to be done to stimulate and spread innovation, including embracing the potential of new learning technologies?
- Have you any experience of developing new qualifications to meet a new/emerging need – how did this work?
- What more is needed to accelerate the rate at which the most successful teaching practices/models of delivery spread across the sector?
- What conditions are needed to accelerate the pace of innovation throughout the sector and what is the potential?
- Are the current incentives in the system driving the required provider behaviour and what else can be done to improve this?
- What can we do to improve awareness and identity of what further education can offer?
- What more can we do to improve transparency in data collection and use?

## Contact the LSIS policy team

This quick summary has been prepared by Angela Nartey, policy research officer, LSIS. Your comments are welcome.

**Caroline Mager, Executive Director, Policy, Research and Communications**

**[Caroline.Mager@LSIS.org.uk](mailto:Caroline.Mager@LSIS.org.uk)**

Telephone: 020 7766 0016

**Jenny Williams, Head of Policy**

**[Jenny.Williams@LSIS.org.uk](mailto:Jenny.Williams@LSIS.org.uk)**

Telephone: 020 7766 0014

**Angela Nartey, Policy Research Officer**

**[Angela.Nartey@LSIS.org.uk](mailto:Angela.Nartey@LSIS.org.uk)**

Telephone: 020 7766 0002

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© LSIS August 2011

Published by the Learning and Skills Improvement Service (LSIS).

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